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# The Interrelationship of Collective Bargaining at Industry and Company-Levels in Wage Determination

*L'articulation des négociations de branche et d'entreprise dans la détermination des salaires*

Nicolas Castel, Noélie Delahaie and Héloïse Petit

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# The Interrelationship of Collective Bargaining at Industry and Company-Levels in Wage Determination<sup>\*</sup>

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The combined increase in firm or company-level and industry-level collective bargaining over recent decades in France has renewed the debate over the potential complementarity or the substitution effect between the two bargaining levels. In this article we study how the two bargaining levels are associated at the workplace level in France in the wage determination process. Our study is based on the *REPONSE* 2004-2005 survey –which provides information on the role given to industry-level bargaining and the current process of negotiations in the workplace– and on two case studies: one in the automotive sector, the other in call service centres. Three company profiles are defined. In the first two profiles, one of the two bargaining levels has greater emphasis than the other while the third profile is characterised by the weakness of negotiations, whatever the level. Whatever the profile, our analysis shows that the content of negotiations is different at each bargaining level –the company level being more focused on wage determination and the branch level on wage regulation. Besides these key levels of collective bargaining, we stress the growing influence in wage determination of individual performance interviews within the company, and of third parties such as the prime contractor or the parent company, outside the firm.

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The French wage regulation system based on collective bargaining at the industry level was established by the Popular Front and developed rapidly following the Second World War in the context of the law of 19 February 1950.<sup>1</sup> For three decades, these negotiations together with the state's supervision of the statutory minimum wage were the framework for decisions in setting wages. Company-level collective bargaining developed following the granting of full rights for trade union activity at the company level by the law of 27 December 1968 (which opened the possibility of creating local union sections in companies with more than 50 employees) and especially with the introduction of mandatory annual negotiations by the Auroux laws of 1982 (BEVORT, JOBERT, 2011; LE CROM, 2003). The number of company-level agreements increased continuously from the early 1980s, as reflected in the annual reports of collective bargaining published by the Ministry of Labour: the number of company agreements rose from 3,972 agreements listed in 1984 to 33,869 in 2011.<sup>2</sup> The period in which the signing of a company-level agreement at Renault led to heated debates –in 1955, and therefore outside of the legal framework– seems to be of the distant past today (JOBERT, 2000).

French industrial relations studies from the late 1980s suggest the hypothesis of a weakening of the predominance of industry-level agreements in favour of agreements concluded at the company level. This hypothesis raises the question of the complementarity or substitutability of the two collective bargaining levels. However, this has never been directly addressed. While reference to weakening at the industry level more or less implies a hypothesis of the substitution of industry-level collective bargaining by those at the company level, their combined dynamics since the 2000s emphasize, on the contrary, their potential complementarity. The few studies linking the two remain focused on one or the other levels.<sup>3</sup> Existing studies are mainly interested in how industry-level recommendations are seen and integrated in the workplace (JOBERT, ROZENBLATT, 1984; JOBERT, 2003; MEURS, 1996). While highlighting the variety of roles and relative importance that actors attribute to collective agreements at the industry level, they do not include an analysis of the development and issues

1. In France companies combine into *branches* to organize multi-company collective bargaining. *Branche* members are defined by their affiliation to a constitutive agreement: the *convention collective*. Further industry-level collective agreements are riders to the *convention collective*. In principle, any company can affiliate to any *convention collective* but, in practice, *conventions collectives*, and corresponding *branches*, have developed in the context of industries. Therefore, in this text we will refer indiscriminately to *branche*-level or industry-level bargaining.

2. These statistics have some limitations on which we shall have occasion to return. Nevertheless, they illustrate a tendency which has also been confirmed by other sources, including the *REPONSE* survey (*enquête Relations professionnelles et Négociations d'entreprise* – Industrial Relations and Company-Level Collective Bargaining) (BLOCH-LONDON, PÉLISSE, 2008).

3. Studies generally relate to the industry level, which is symbolic of French industrial relations. Most of them base their analysis of the role of *convention collective* on the study of specific *branches* (EYRAUD *et al.*, 1988), while others define *branche* profiles (SAGLIO, 1991, 2009; JOBERT, 2003). Analyses of the role of company negotiations in the industrial relations system have mainly been done by economists estimating their impact on real wages (MEURS, SKALLI, 1997; BRAHAMI, DANIEL, 2004). The analysis of companies' industrial relations, based on the *REPONSE* survey, is an exception (AMOSÉ *et al.*, 2008).

involved at company-level bargaining.<sup>4</sup> In this article we consider the two negotiating levels together to study their interrelationship: do company and industry-level negotiations have different weight in the company's decisions? Are they different in their content? Is there consistency between the negotiated content and the weight given to the different levels?

One answer to these questions is provided by the “favourability principle” that governs the relationship between different levels by which rules and standards are produced (Article L. 2254-1 of the Labour Code). These range from the most general –the law– to the most specific –the employment contract– and include collective, that is industry-level, as well as company agreements. According to this principle, a lower level rule or standard can only modify a higher one if it improves it and, in case of dispute, judges will choose the standard that is most favourable to the employee. This “hierarchy of rules and standards” theoretically requires company agreements to be at least as favourable as industry-level agreements.

However, there is a gap between this principle and the reality. First, it is not always easy to define what situation is best for the employee. This is obvious in the proliferation of “give and take” agreements in which employees often waive some of their rights or benefits on behalf of the preservation of employment.<sup>5</sup> In addition, several laws have introduced exceptions to the favourability principle, starting with the Auroux laws and continuing through to the law of 20 August 2008 which introduces possible exceptions for industry-level agreements on working time. There have been major changes in this body of law since the early 2000s. Finally, even the analysis of the operation of *conventions collectives*, their ability to generate rules or standards, demonstrates to what degree the idea of a system of strictly hierarchical institutions (JOBERT *et al.*, 1993; LE CORRE, SAGLIO, 2007) must be qualified.

Studies in industrial relations by economists and sociologists propose two different approaches. The first one, found notably in the work of François SELLIER (1961, 1993), sees the definition of collective bargaining levels and their interrelationship as related above all to the negotiating strategies of the different actors. The second approach views bargaining levels through the differentiation of their content (LOZIER, 1993; SAGLIO, 1991). Jean SAGLIO for instance offers such a reading of the interrelationship of different levels of bargaining specific to wage issues (SAGLIO, 1986, 1999, 2007): on the one hand, *branche*-level agreements provide assessment benchmarks of rules and standards, while the company level, on the other hand, is the place to discuss wage rates. His work focuses on both the variety of contexts and histories marking each *convention collective* with specific rules and standards (SAGLIO, 1987, 1991, 2009) and the exceptional stability of a “wage system” set up during the 20th century,

4. The analysis of Dominique MEURS and Ali SKALLI (1997) is of interest because it explicitly addresses both points. They analyse the impact of company agreements on wages, controlling for the workplaces' position in relation to the *branche*. But, like other studies, it does not analyse directly the relationship between the two levels of negotiations.

5. See, e.g., JOBERT (2010) on the distribution of this type of agreement in the case of company-level collective bargaining on working time; or DOCKÈS (2008) on the emergence of this type of agreement at the interindustry level.

traces of which can be found at the end of the 19th. To examine the linkages between collective bargaining at the industry and the company-levels, is thus to investigate the duality distinguishing the roles of regulation from that of the determination of wages. We propose to examine the timeliness of this interpretation for three reasons.

First, since the early 1990s, several laws have resulted in –or aimed at– stimulating collective bargaining (BLOCH-LONDON, PÉLISSE, 2008; NABOULET, 2011). The public authorities have more or less directly encouraged collective bargaining. This involves the obligation to negotiate at company level, often annually, on certain themes such as actual wage benefits, working time, gender equality, and the *Gestion prévisionnelle des emplois et des compétences* (Jobs and Skills Forecast Management System – GPEC). It also involves financial incentives through the reduction of social contributions or, further upstream, changing the rules of collective bargaining, e.g., by relaxing the terms of the recourse to *mandatement*, (which allows a union to name or “mandate” an employee in the absence of a locally elected union representative). While these legislative changes focused on encouraging company-level collective bargaining, they might just as well create a positive momentum to collective bargaining at industry level. During the 2000s, the revaluation of the national statutory monthly minimum wage (*Salaire minimum interprofessionnel de croissance* – SMIC) –principally related to the reduction of working time– also contributed to the revival of collective bargaining activity at industry level which had to negotiate *branche-level minima* which had been surpassed by the legal minimum wage (ANDRÉ, BRED, 2011; DAYAN, NABOULET, 2012).

The second motivation for this study is the creation and increased distribution of data on company and industry-level agreements and the introduction of a new codification of collective agreements by the *Direction de l'animation de la recherche, des études et des statistiques* (Department for the Coordination of Research, Studies and Statistics – DARES) (see below). While these sources have limitations, their development opens the way for a renewal of collective bargaining statistical analyses (AVOUI-DIVI *et al.*, 2009; CARLIER, NABOULET, 2009; NABOULET, 2011; ANDRÉ, BRED, 2011; ANDRÉ, 2012; JAUNEAU, 2012).<sup>6</sup>

Finally, the decision to focus on wages is not only justified because they play a central role in the collective bargaining process (BARRAT, DANIEL, 2002), but also because of the profound changes in companies’ wage practices in recent decades, both in form (CASTEL, DELAHAIE, PETIT, 2011b) as well as in wage levels (DAYAN, NABOULET, 2012).

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6. Only company agreements registered with the *Directions départementales du travail, de l'emploi et de la formation professionnelle* (Departmental Directorates for Labour, Employment and Vocational Training – DDTEFP) are taken into account. For some time, the low number of such agreements that were in fact reported has limited the statistical analysis of this data. But it seems that reporting such agreements is much more prevalent today, thus reinforcing the assumption of the completeness of the data. For a discussion of the contributions and limitations of databases on agreements, see BARRAT, DANIEL, (2002) and AVOUI-DIVI *et al.*, (2009).

In this article, we investigate how companies interrelate industry and company-level collective bargaining practices in determining their wage policies by relying on cross referencing of the *REPOSE 2004-2005* survey and of two case studies (see Box 1). The first part presents the results of a typology of forms of wage regulation in

#### Box 1

##### The Data Used

The *REPOSE 2004-2005* survey (*enquête Relations professionnelles et négociations d'entreprise* – Industrial Relations and Company-Level Collective Bargaining) is dedicated to the study of industrial relations in France (existence and functioning of employee representative bodies, collective bargaining, conflicts, etc.). This survey of a representative sample of 2,930 workplaces in the non-agricultural private sector employing at least 20 employees, compares the views of actors by interviewing a representative of management, an employees' representative (when there is one) and a sample of employees. We have only used the "management representatives" questionnaire in this article. It contains questions regarding the latest wage negotiations (what discussions or collective bargaining sessions took place, the topics negotiated, the role of industry-level recommendations, etc.) and the state of industrial relations in the workplace (presence of employee representatives, the rate of unionization, etc.). It also includes a series of questions providing information on the characteristics of the establishment (characteristics of the workforce, size of the workplace, the company's affiliation to a business group, etc.) and economic position (market share and its evolution, etc.).

Two case studies are used to extend and deepen the results of the statistical analysis. They were conducted between February and August 2010, in companies which belong to very different industries: the automotive industry and call service centres. The choice of companies was not designed to be representative nor did it aim at preparing monographs of the collective bargaining process at industry-level. Above all it reflected the desire to highlight the characteristics of two forms of enterprise wage regulation: in one case, company-level regulation appears dominant; in the other, it is non-existent. Workplaces whose profiles are typical of some industries were then targeted: a large and long-established company in the automotive industry on the one hand, on the other, younger and medium size companies operating in the service sector (four call service centre providers). While the first industry is marked by a strong tradition of social dialogue at company level, the other is, in contrast, characterised by a weak institutionalization of labour relations. In addition to interviews with union representatives of the French Democratic Confederation of Labour (CFDT) involved in mandatory annual collective bargaining on wages, we exploited collective agreements at the automaker from 2000 concerning wages, employee savings plans, profit-sharing. The most recent wage and social audits were also utilized. Union representatives interviewed at the call service centre providers were not allowed to disclose such documents. However, much information (social audits, wage agreements, definitions of bonuses) for two of the four calling service centres have been transmitted to us. Management and human resource officials in both fields studied were contacted but did not wish to participate in the survey.

French workplaces. The second part extends the statistical analysis by establishing the relative weights of company and industry-level collective bargaining in two industries –automotive construction and call service centres. The third part analyses the themes of two levels of collective bargaining, the industry and company levels, and examines the differentiation in the content of the collective bargaining according to the levels of wage regulation. Finally, the last part concerns the existence of other levels of wage regulation. Two areas are discussed here: the weight of the individual level, namely the relation between the employee and his direct supervisor in a context of rising individualised compensation, and the significant influence of actors who are external to the company, in this case contractors and the head companies in business groups.

## Construction of a Typology of Forms of Wage Regulation

According to the *REPONSE 2004-2005* survey, collective bargaining, or discussions on wages with employee representatives or with employees, occurred in nearly 43% of workplaces of 20 or more employees (for a discussion of that figure, see Box 2). About six out of ten employees (58%) were concerned. At the same time, the survey questioned the management representatives on the importance they placed on *branche*-level recommendations in making decisions to increase wages. Over 58% of them said they took such recommendations into account, giving them a primary role in 30% of cases (which corresponds to 59% and 28% respectively of employees in the field). In the following article, we consider the existence of collective bargaining at the workplace level and the place given to *branche* recommendations as indicators of the weight given to company-level collective bargaining on the one hand, and to the industry level, on the other.<sup>7</sup>

Another point in the survey questioned management representatives about the applicable *convention collective*.<sup>8</sup> Responses can be grouped by *convention collective*, but given the small number of workplaces in the sample for some *conventions*

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7. Other survey questions shed light on the role of the *branche*. They cover reference to a job classification or the details of subjects referenced in the collective agreement. However, the question of the weight of *branche* level recommendations concerning wage increases plays a pivotal role. It clearly illustrates the company's position relative to its applicable *convention collective*. This point was emphasized by Annette JOBERT (2003) in a field study carried out in parallel to the analysis of the previous edition of the *REPONSE* survey. It is unfortunate, however, that the study does not differentiate between the recommendations that were the result of collective industry-level agreements and those made by the employers' representatives alone. This prevents us from distinguishing those workplaces reporting that they had not taken industry-level recommendations into account either because there was no such agreement, or because they did not use it as a reference.

8. Most workplaces declared their applicable *Identifiant de convention collective* (Collective Agreement Code – IDCC) through a multiple choice question whose options were determined upstream by the DARES by branch or industry and by workplace. Nevertheless, several hundred workplaces responded in text rather than with the identifying code, leading to the recoding of these responses by Thomas AMOSS   and H  lo  se PETIT in an earlier study (AMOSS  , PETIT, 2011). Among the workplaces selected for the survey, 117 reported no applicable collective agreement at industry-level. They were excluded from the analysis.



## Box 2

**What Proportion of Workplaces Negotiate Wages?**

Given the annual obligation to negotiate wages since the Auroux laws of 1982, the fact that less than 43% of workplaces have negotiated may seem surprising. The DARES provides an “adjusted” statistic excluding cases in which the absence of negotiations is linked to the implementation of past agreements, industry-level agreements, or existing regulations in the public service, or when it is due to a unilateral decision by management or the lack of worker representatives. In 50% of workplaces, collective bargaining has taken place at some level (including the company or business group), which remains relatively low. These figures reflect the fact that the annual obligation to negotiate may not be respected, but it is also because it does not apply to companies without union delegates. Such companies represent 48% of the sample of the *REPONSE* survey. Among companies with a trade union representative, 66% negotiated wages in 2004. The size of the company is another key criterion since the appointment of union delegates is much rarer in companies with fewer than 50 employees. Among workplaces belonging to companies with more than 50 employees and having a trade union representative (37% of workplaces), 70% of management representatives say they have discussed or negotiated wages.

The questionnaire also included a question on the reasons for the absence of negotiation so as to better understand the situation of those workplaces reporting not having negotiated wages. Three reasons were given by management representatives: in 30% of cases, this was a unilateral decision by management; in 29% of cases, the lack of negotiation was linked to the implementation of an industry agreement, and in 24% to the lack of demand on the part of employees.

In most cases where negotiations took place they led to agreements either signed by all participants (51%) or only signed by some of them (19%). In one quarter of workplaces (26%), wage negotiations ended with a unilateral decision of the employer.

Due to differences in scope and because it surveyed companies and not workplaces, the *Acemo* survey (Survey on the Activity and the Conditions of Employment of the Workforce) which investigated collective bargaining and employee representation in 2007 provided different results to questions which, nevertheless, were similar to those of *REPONSE*. According to CARLIER and NABOULET (2009), only 14% of companies negotiated in 2007 regardless of the subject matter. The *Acemo* survey, based on a sample of firms with more than ten employees, has a greater number of small companies, while the workplaces in *REPONSE* often belong to large business groups which are more likely to have held negotiations. These facts, plus taking into consideration only those agreements which were actually signed, explain the discrepancy with the figures provided by Sanvi AVOUYI-DOVI, Denis FERN and Erwan GAUTIER (2009). According to them, less than 25% of employees –no matter what the size of the company in which they work– were covered by a company agreement on wages and bonuses in 2004 while, according to the *REPONSE* 2004-2005 survey, collective bargaining on wages at the company level involved 58% of employees in workplaces of 20 or more employees.



*collectives*, some combinations have been necessary. We have utilised the analytical table of the *Conventions regroupées pour l'information statistique* (Combined Agreements for Statistical Information – CRIS) developed by the DARES. The first level of combination synthesises information and organizes our analysis on *conventions collectives*, classified into 25 professional *branches*.

Our goal is to synthetically present the different types of wage regulation in French workplaces. We performed a hierarchical cluster analysis from the variables indicating, for each *branche*, the share of workplaces where negotiations on wages had taken place and the weight that management representatives had given to industry-level recommendations (primary, secondary, unimportant). In doing so, we found it possible to distinguish three profiles of *branches* describing as many forms of interrelationship between the two levels of collective bargaining, at the company and the industry levels (see Table 1).

TABLE 1 – Characteristics of Wage Regulation Profiles

				In %
	Mixed wage regulation	Non-negotiated wage regulation	Wage regulation by industry	Sample average
<b>Existence of wage collective bargaining or discussions</b>				
Yes	55.1	36.4	31.6	42.7
<b>Role of industry-level recommendations</b>				
Primary	27.8	16.3	59.1	28.9
Secondary	39.1	24.0	14.1	27.9
Not important	30.2	53.8	21.8	38.6
<b>Industrial branches concerned</b>				
	<ul style="list-style-type: none"> <li>– metallurgy and steel;</li> <li>– chemicals and pharmaceuticals;</li> <li>– plastics, rubber and fuels;</li> <li>– glass and building materials;</li> <li>– agro-food;</li> <li>– banking and insurance;</li> <li>– real estate.</li> </ul>	<ul style="list-style-type: none"> <li>– non-food retail commerce;</li> <li>– hotels, cafes, restaurants;</li> <li>– legal professions;</li> <li>– wood and wood products;</li> <li>– clothes, leather, textiles;</li> <li>– consultants and business service providers;</li> <li>– culture and communication;</li> <li>– wholesale commerce;</li> <li>– teaching and related activities;</li> <li>– company-level collective agreements.</li> </ul>	<ul style="list-style-type: none"> <li>– construction and civil engineering;</li> <li>– food distribution;</li> <li>– cleaning activities and security;</li> <li>– health and social work;</li> <li>– special status institutions (SNCF, EDF, RATP).</li> </ul>	
<b>% of workplaces</b>	41.9	30.7	27.3	100
<b>% of employees</b>	49.4	25.8	24.8	100

*Note:* The sums of the terms of specific variables are not 100% due to non-responses in the survey.

*Interpretation:* The “non-negotiated wage regulation” profile covers 30.7% of workplaces. Some 36.4% of workplaces of this classification said they had discussed or negotiated wages in 2004 and this proportion is below the average (42.7%). Some 53.8% of these institutions consider branch or industry level recommendations as unimportant (more than the sample average of 38.6%).

*Field:* Workplaces of 20 or more employees in the non-agricultural business sector.

*Source:* REPONSE 2004-2005 survey, “Management Representatives” questionnaire, DARES.

Having constructed a typology, we utilised a number of variables from the *REPONSE* survey to describe the wage regulation profiles and identify their main distinguishing features. We took into account the structural characteristics of workplaces (size, legal structure), the presence or the absence of union representatives within them, their economic position, and criteria for revaluations of wages advanced by management representatives.<sup>9</sup> Our goal is to describe the highlighted profiles “all things not being equal”. Without attempting to define the reasons for belonging to a particular profile, our analysis provides a heuristic interpretation of the forms of interrelationship between bargaining levels.

### **First Profile: *Mixed Wage Regulation***

The first profile, of *mixed wage regulation*, includes a relative majority of almost 42% of workplaces and over 49% of employees. It includes the following *branches*: “metallurgy and steel”, “chemicals and pharmaceuticals”, “plastics, rubber and fuels”, “glass and building materials”, “agro-food” and “banking and insurance”. It is marked by the significant weight of both levels of collective bargaining: 55% of workplaces reported having negotiated wages and they are also more likely than average to take into account the industry’s recommendations, although they are often considered (by 39% of workplaces) to be of secondary importance. Company-level bargaining often focuses on employee savings plan and social insurance schemes in addition to wages. The intensity of wage negotiations is related to a relatively high union density –companies in which the proportion of unionised employees exceeds 10% of the workforce are typical of this profile– and to the more frequent presence of union delegates.

This regulation profile is characteristic of large workplaces (over 100 employees) employing few women, often in manufacturing industry (or in the banking and insurance sector). They have relatively high sales revenue (between 10 and 100 million euros) and have functioned continuously for a considerable period of time (often over 20 years) on a large scale market (at least national). They are usually subsidiaries, belonging to a business group, whose business activity is part of a multi-level subcontracting chain. Outsourcing activities often account for at least 50% of their revenue while they are also subcontractors themselves. These establishments report having greater difficulty in forecasting their activity and setting targets for profitability and growth in market share. Priority criteria in decisions to increase wages are their financial results and their concerns in maintaining a healthy social climate.

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9. See Table A1 in the appendix for a complete presentation of these variables. In the description of profiles, we strive to highlight the main features that stand out as typical, that is, when the proportions observed for a given variable are very different from the average.

## Second Profile: *Non-Negotiated Wage Regulation*

The second profile, *non-negotiated wage regulation*, involves 31% of workplaces and more than 25% of employees. While quite diverse, workplaces in this profile nevertheless have a common origin in service sectors with a weak tradition of collective bargaining such as “hotels, cafes, restaurants”, “consultants and business service providers”, and “culture and communication”. This profile is marked by weak collective bargaining activity at both levels: only 36% of workplaces have had negotiations on wages and over half do not attribute any importance to industry recommendations. Frequently advanced explanations for the absence of wage bargaining at the workplace level are the employer’s unilateral decision or the lack of demand by employees. The presence of union delegates is rare and unionisation rates are low (less than 5% of employees).

Workplaces are typically smaller, with less than 50 employees, and they are older, with over 20 years continuity. They are often subsidiaries of business groups listed on the stock exchange. They also report less frequently to have acted as subcontractors.<sup>10</sup> Profitability is one of the main strategic objectives of these workplaces. Instructions from the head company and increases in the statutory minimum wage frequently weigh on decisions to increase wages. On the average, the workforce is female, young, skilled (with many managerial, professional and intermediate professions), and stable, with the proportion of temporary contracts and Fixed-Term Contracts (*Contrats à durée déterminée* – CDD) being rather low. Individual characteristics, however, are very different from one activity to another. The example of the category “consultants and business service providers” is significant: it consists primarily of engineering activities and research and development, where the workforce is highly qualified. But it also includes activities such as call service centres where skill levels are lower.

## Third Profile: *Wage Regulation by Industry*

The last profile, *wage regulation by industry* includes more than 27% of workplaces and almost 25% of employees. It is typical of *branches* such as “construction and civil engineering”, “food distribution”, “cleaning activities and security”, and “health and social work”. Over 59% of management representatives consider the recommendations of the industry as essential and only 31% of them have negotiated wages: this profile is marked by the preponderant weight of the collective agreement at industry level with very few workplace negotiations. The weakness of social relations in the workplace is explained by the fact that there are frequently no union representatives. The dominance of the industry level also seems to be accepted by the management representatives since

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10. This feature should be interpreted with caution. The workplaces in question are often providers whose services are dedicated to companies. In many cases, the services provided are directly designed in conjunction with the client and can be likened to a subcontracting relationship (as defined by the French Standards Agency [*Agence française de normalisation* – AFNOR], see PERRAUDIN *et al.*, 2009). Nevertheless, the concept of outsourcing is often reserved for the industry by the actors themselves, which must be taken into account in reading our results.

they are particularly likely to justify the lack of company negotiations by pointing to the application of an industry-level agreement. In addition to references by management representatives to collective, that is to industry-level, agreements, they also noted that changes in the minimum wage played a central role in decisions to increase wages.

Workplace size is not a distinguishing characteristic of this profile. However, such workplaces are more often independent, with modest sales revenue (less than five million euros) and operating in a local market. Employees' work safety is often a strategic issue of these companies. This regulating profile is typical of establishments employing an unskilled, unstable, and very feminine work force: the proportion of managerial and professional employees and intermediate professionals is often less than 15% of the workforce, with women making up over 70% of the total. Frequently, more than 5% of the employees of given establishments work on fixed term (CDD) or temporary contracts.

Our cluster analysis reveals the diversity in the possible forms of interrelationship between collective bargaining at the industry level and at the company level. Using a representative survey has the advantage of drawing an overall picture of wage regulation modes among French companies. It nevertheless has the disadvantage of not being able to directly represent the collective and individual activity within the establishment. The case studies here are complementary and help make a specific analysis of how company wage bargaining is conducted and a clearer understanding of the company's position in its relationship to the industry level.

## **Actors' Strategies and Wage Negotiation Process at a Car Manufacturer and Four Call Service Centres**

The two situations studied, that of a car manufacturer and of the calling service centre providers, can be respectively considered as belonging to the statistical profiles of *mixed wage regulation* and *non-negotiated wage regulation*.

The third profile, marked by the weakness of company-level collective bargaining and the weight of regulation at the industry level is typical of what has long been considered the most common case in the French labour market. As such, it has been the subject of numerous industry monographs. These include the work led by Annette JOBERT (2003) in which the author distinguishes several *conventions collectives* marked by the weight and dynamic of collective bargaining at industry level. The profile that emerges here is similar to that of *wage regulation by industry*. In both cases we find the *branches* of construction and civil engineering, and of the cleaning industry. JOBERT (2003) combines her statistical work with a field study from which she concludes that the prominent weight of the industry level

“is based on the belief shared by the different actors that the *branche* remains the relevant level for the regulation of industrial relations, given the characteristics of the

industry and the weakness of collective bargaining at the company level. Displacing negotiations to the company level is looked at as a marginal phenomenon which should be of limited scope” (p. 13).

With a different perspective, we can also refer to the work of Jean-Michel DENIS (2008) on the cleaning industry.

### Fundamentals of *Mixed Wage Regulation* in the Automotive Industry

The case study in the automotive industry centres on a very large company owned by a holding company created in the 1960s and which, in the following decade, bought up several other automotive manufacturers.<sup>11</sup> Today, this business group, which has employees in many countries, includes an automotive manufacturer –the heart of its activity– and four other activities: a bank, a group devoted to the engineering and production of automotive equipment, a transportation and logistics group, and finally a motorcycle manufacturer. While this group had a program in France until the mid-2000s of recruiting managers and professionals, the company reduced its overall workforce by 16% between 1999 and 2009. In 2009, it employed 70,580 employees, of whom 19% were managerial and professional employees, 20% white collar employees, technicians and supervisors (*Employés, techniciens et agents de maîtrise* – ETAM) and 60% blue collar workers. At the time of the survey, the group intended to continue its downsizing policy in France by closing several plants.

The analysis of wage collective bargaining demonstrates the similarities of the automaker’s profile to that of the *mixed wage regulation*. While negotiators at the annual company wage negotiations are aware of the industry level recommendations, these in fact carry little weight in their decisions. Here, the basic reference for managerial and professional employees is the national *convention collective* for engineers and managerial and professional employees in the metal-working industries of 13 March 1972. ETAM and blue collar workers are under the jurisdiction of the *convention collective* of the metal-working industry or local agreements such as the *convention collective* in the metallurgical, mechanical, and related industries in the Paris region of 16 July 1954.

In addition to the statistical profile described above, the automotive manufacturer demonstrated a very pronounced degree of autonomy in its relations with the *branche* during mandatory annual collective bargaining, probably because it plays an important role in the industry. Above all, it belongs to that category of companies –large companies affiliated to the Union of Metal-Working Trades and Industries (*Union des industries et des métiers de la métallurgie* – UIMM, formerly the Union of Metallurgical and Mining Industries)– which has historically had great autonomy of action in France (FRABOULET, 2007). In terms of wage policies, the manufacturer’s autonomy is primarily reflected in

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11. The *holding company* is a corporation, which generally has very few employees and establishes a central pole for the management of several companies in which it holds a majority stake. It is a specific form of a business group’s parent company.

the fact that the timetable fixed earlier in the year by the business group's management is independent of events outside the group, such as changes in the national minimum wage or industry-level *minima*. In fact, the automaker pays wages superior to both these *minima*. Between 2001 and 2009, the overall wage increase exceeded 18% while the value of the point defined in the metallurgical industry's *convention collective* of blue collar workers, white collar employees, technicians, and supervisors (OETAM) in the Paris region rose by just over 5% over the same period.<sup>12</sup> Relying primarily on the preceding evolution of sales for the automotive industry, management studies the wage policies of its main competitors and indicates during the negotiations either that it is ready to be generous, or that, as part of the group's general policy of reducing the number of employees in France, it cannot do better.

This relative autonomy in terms of pay decisions was also found in the manufacturer's jobs classification. The latter, built on the basis of the metallurgy agreement of June 1974, was amended in the mid-2000s.<sup>13</sup> The company's OETAM classification guarantees a higher career salary compared to that of the *convention collective*. Employees start at a higher coefficient (170, not 140), above both the minimum wage (for example, around 100 euros more per month in 2009) as well as the industry-level *minima*, and reach higher coefficients (240 and not 215 or 225). Technicians and supervisors start at coefficient 255 (and not at 215). On the other hand, the proliferation of intermediate coefficients –four intermediate coefficients (185, 195, 200, and 320) have been created– is intended to slow career advancement and in doing so to create a wage system specific to the company.

There is a large degree of autonomy for company negotiations compared to that of the industry-level covering decisions on adjusting both wages and job classifications. This type of business practice diverges from the traditional model of organization of labour relations in France. JOBERT (2003) also considers that the *convention collective* of metallurgy is typical of a “transformation of the *branche* level regulation.” But the role of the *branche* has not disappeared: it is still the reference, even if it is only to have a better measure of one's differences with it. As noted by Jacky FAYOLLE *et al.*, (2005) in the case of large companies in the automobile industry, it is part of a “minimum distribution of advances on pay and classifications” (pp. 46-47). The idea of a reference, although present but secondary, seems appropriate. It is entirely different in the call service centre providers.

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12. Multiplied by a coefficient, the point value determines the minimum wage for each hierarchical position for a weekly schedule of 35 hours.

13. The national agreement is dated July 1975, but the agreement between the UIMM and the trade unions which laid the foundations of the new classification grid is dated 28 June 1974 (EYRAUD, 1978).



## Non-Negotiated Wage Regulation: the Case of Call Service Centres

A summary of the four call service centres studied (see Box 3) shows that the mandatory annual negotiation is part of an organizational strategy of the group to which each centre belongs.

The four call service centre providers have contrasting situations but can be classified as being in the *non-negotiated wage regulation* profile: collective bargaining at neither the industry nor the company level seem to play a leading role in fixing wages. While these characteristics appear in the statistical definition of the corresponding profile, the analysis of the actual situation of call service centre providers highlights how this can lead to minimising the issues of wage bargaining. Compared to the case of the automotive manufacturer, wage bargaining here seems to have marginal importance. Instructions from headquarters are more decisive in decisions to increase wages than the mandatory annual negotiation itself. Attention is paid to industry-level

### Box 3

#### Presentation of the Four Call Service Centres Studied

The first client contact centre is a French group which operates worldwide. In 2009, the company was reorganized leading to the development of a parent company, composed of managerial and professional employees heading four operating companies in metropolitan France. The parent company signed an agreement on this occasion establishing a *Unité économique et sociale* (Economic and Social Group – UES) involving five companies. Each one had its own mandatory annual negotiations, making five separate wage negotiations for the group. In early 2009, the client contact centre studied had a workforce of about 6,800 of whom 80% were employees, 12% supervisors and 8% managers.

The second client contact centre also belongs to a French group. This group has 100% ownership of one company located in France as well as of another located in Morocco. Employees are spread across a dozen sites in France and two sites in Morocco. In France, more than 3,300 employees were listed in late 2009, some 96% of whom were ETAM and 4% managers.

The third client contact centre belongs to a major outsourcing group. The group, based in France, has six sites in France, a site in Tunisia and a site in Spain. It employs approximately 2,500 employees (half of them at the French sites). In 2009, the workforce at the six French sites consisted of approximately 82% semi-skilled or unskilled white collar employees, 13% supervisors and 5% managerial and professional employees. This call service centre, like the second example studied, holds one single mandatory annual bargaining session at its headquarters.

The fourth and last contact centre studied is headquartered and has its primary site in the Paris region, to which six additional sites –financially and legally autonomous– were gradually added between 2003 and 2009. The company operates seven contact centres close to Paris. It says it has decided not to develop offshore. It employs approximately 3,300 people and holds a mandatory annual negotiation session for each centre.



bargaining but the results are usually limited to the strict respect of changes in the minimum wage which in fact play a central role in collective bargaining at both the industry as well as the company level here (CASTEL, 2012). The timing of negotiations is strategically thought out and based on decisions on the national statutory minimum wage: negotiations begin in the spring before the revaluation of the SMIC (minimum wage) on 1<sup>st</sup> July (until 2009). This has caused some degree of frustration among union delegates who had previously negotiated increases which were subsequently exceeded by the increase in the minimum wage.

There has not been a consistent schedule of wage bargaining at the industry level since 1999 within the framework of the *convention collective* of 13 August 1999 entitled “Service Providers in the Service Sector” which is the *convention collective* of reference for the four cases studied. *A priori*, wage agreements or amendments are signed annually. They are not systematically *étendu* (extended)<sup>14</sup> –this is notably the case of the agreements of November 2009 and January 2011– even though the implementation of an accord is frequently determined by its extension (SALMON, KRYNEN, 1993). In the best of cases, when the extension does take place, it becomes effective after two months –as with the agreements of September 2007 and that of September 2011. In most cases it is effective between five and eleven months following the signature of the agreement or amendment, which may help postpone future wage negotiations. It can thus be assumed that the fact that no agreements were reached in 2002, 2004, 2006, and 2010 is the result of a long negotiation process followed by the extension of the agreements.

On job classifications, call service centre providers comply with the benchmark employment classification grid of the “service providers” *convention collective*, and, while some of them set up specific company grids, they do so within this framework as allowed by the collective agreement. Compliance with the job classification provided in the collective agreement does not prevent the call service centres from being autonomous in setting the rules for promotions. One of the call service centres studied, for example, applies its company job classification at the frontier between semi-skilled or unskilled employees and supervisors by creating a post of “*assistant chef d’équipe*” (assistant shift supervisor). This category fits in between the “supervisor” and that of the “*chef de projet junior*” (junior project manager), present in the collective agreement classification. This has become an obligatory step in the case of internal promotion from employee status to that of foreman or supervisor. Another centre organizes a transition to the “supervisor” category on the basis of an individual interview after four years as a *téléconseiller* (telephone consultant). Thus, client contact centres generally adopt the job classification of the “providers” collective agreement while modulating the methods of promotion. They respect the scale of minimum wages when the agreement is extended. When it is not, employers who are members of the

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14. A specific agreement is said to be “extended” when it is made mandatory for all employers within the *branche*. Therefore, employers who are members of the organizations which have signed the specific agreement are not the only ones required to implement it.

organizations which have signed the collective agreement can arrange to postpone application of the agreement for a few months “for reasons of competitiveness”.<sup>15</sup>

We can assume that affiliation to a particular *convention collective* for call service centre providers is akin to a strategic choice guided by a cost minimisation objective. The so-called “integrated” call service centres (because they are incorporated into large companies) are mostly under the authority of the *convention collective* of the telecommunications industry of 26 April 2000. Meanwhile, call service centre providers which were so-called “*externalisés*” (outsourced) and had been created through restructuring, mergers and acquisitions, were then attached to the “Syntec”, the *convention collective* of 15 December 1987 applicable to the staff of technical design offices, consulting engineering firms and consulting companies. The companies studied are today under the authority of the national agreement of “service providers” of 13 August 1999. But the latter agreement offers fewer benefits to employees than those of the “Syntec” and of telecommunications. Benefits present in the “Syntec”, such as vacation bonuses, for example, and the 100% wage increase for work on public holidays and Sundays, do not exist in the “service providers” agreement.<sup>16</sup> National agreements for gross minimum wages for ETAM workers (employees, technicians and supervisors) under the “Syntec” are higher than those of ETAM workers under the “service providers in service sector” agreement of 13 August 1999.

Our analyses point to the existence of a multiplicity of wage regulations that can result in as many different forms of interrelationship between industry and company negotiations. In this, they confirm the results of previous studies on the diversity of the role of the *branche* (see especially JOBERT, 2003; SAGLIO, 1991). They are distinguished by stressing the role of company collective bargaining in wage regulation: these seem to outweigh the industry level in certain cases, particularly in the *mixed regulation profile*. This result supports the hypothesis of the loss of legitimacy of the *branche* in the French system of wage regulation (JOBERT, 2003). Should we conclude that the *branche* is now everywhere in retreat? No, on the contrary it retains a dominant place in some cases, as shown with the *wage regulation by industry* profile. And the study of the experience of wage negotiations in four call service centres and at a car manufacturer also points out that in terms of remuneration, it is impossible to ignore the industry level even where this level does not prove determinant in the mandatory annual negotiations.

15. The long period of the extension procedure compared to the general tendency of around three months (*Ministère du Travail, de l'Emploi et de la Santé*, 2012, p. 239), is probably linked to the role played by the national minimum wage at call centre service providers. The wait-and-see policy of the representatives of employers' organizations *vis-à-vis* the application of wage agreements and the calendar of these extensions are not just a matter of competition between companies. It is also a strategy *vis-à-vis* their bargaining partners since any increase in the national minimum wage limits the scope of the wage agreement, extended or not, on which they have agreed. Conversely, for employee representatives, a rapid extension allows them to justify their work in the branch or industry level negotiations even outside of those companies in which their organization operates, before a possible increase in the minimum wage wipes out the results obtained through their negotiations.

16. Note that the law does not provide for increased wages for work on Sunday. However, collective or company agreement may provide for such an increase.

This first part of the article has allowed us to outline three typical ideal forms of interrelationship between the two levels of collective bargaining. In line with the work of SELLIER (1993), we can assume that the diversity of modes of interrelationship thus presented corresponds to the variety of actors' strategies in their construction and confrontation.

## Industry and Company: Negotiating with Different Content

The use of the *REPONSE* survey and case studies enables us to broaden the analysis of the interrelationship of company and industry-level collective bargaining and the study of their contents.

### What is Negotiated and Where?

The *REPONSE* survey provides a fairly accurate picture of the content of industry and company-level negotiations. A survey question lists the topics which management representatives consult in industry-level collective agreements. We used the answers to this question as indicators of the content of industry-level negotiations.<sup>17</sup> The most frequently cited issue was working time (see Table A2 in the Appendix), but this result should be interpreted as taking into account the date of the survey and the move to the "35 hours" workweek. Three out of ten themes raised in the questionnaire are directly related to wages: the determination of the wage hierarchy of job classifications; the calculation of bonuses; and employee savings schemes (see Table 2).<sup>18</sup> The first two are frequently mentioned (nearly two out of three establishments cite the wage hierarchy of job classifications) while employee savings schemes are discussed only infrequently. Other issues potentially related to wage policies are also defined in reference to the *convention collective*, including supplementary pensions and occupational equality (in more than two thirds of workplaces), although management representatives say that they only rarely consult the national agreement on these points (see Table A2 in the Appendix). These results reinforce what has been observed in relevant field studies: the industry level collective agreement is mainly utilised in defining general and long-term principles starting with the wage hierarchy of job classifications.

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17. As shown in Table 2, the weak reference to the collective agreement on a specific theme (a small proportion of "yes" responses) is always associated with the fact that very often the *convention collective* did not even mention it. The weak reference to the collective agreement therefore stresses that industry level agreements are rare on this theme.

18. This concerns *a priori* "fixed" bonuses such as seniority or thirteenth month bonuses (cases explicitly mentioned in the survey questionnaire).

TABLE 2 – Frequency of Reference to an Industry Level Collective Agreement Concerning Wages, by Wage Regulation Profile

	In %			
	Mixed wage regulation	Non-negotiated wage regulation	Wage regulation by industry	Sample average
<b>Bonuses, seniority</b>				
Yes	63.1	50.3	59.7	58.2
No, although the industry-level collective agreement deals with this theme	11.3	10.3	11.6	11.1
No, the industry-level agreement does not deal with this theme	21.0	32.3	25.9	25.8
<b>Determining the wage hierarchy</b>				
Yes	66.3	60.8	76.8	67.5
No, although the industry-level collective agreement deals with this theme	14.1	14.5	9.3	12.9
No, the industry-level agreement does not deal with this theme	12.8	16.8	10.5	13.4
<b>Employee savings schemes</b>				
Yes	34.3	27.1	29.9	30.9
No, although the industry-level collective agreement deals with this theme	14.3	10.0	11.9	12.5
No, the industry-level agreement does not deal with this theme	41.9	52.8	50.7	47.6
<b>% of workplaces</b>	41.9	30.7	27.3	100
<b>% of employees</b>	49.4	25.8	24.8	100

Note: The sums of the terms of specific variables are not 100% due to non-responses in the survey.

Interpretation: 41.9% of workplaces have a *mixed wage regulation* profile. Among these establishments, 63.1% report consulting an industry level collective agreement for the calculation of bonuses and this proportion is higher than the sample average (58.2%).

Field: Workplaces of 20 or more employees in the non-agricultural business sector.

Source: REPONSE 2004-2005 survey, "Management Representatives" questionnaire, DARES.

Another question of the *REPONSE* survey clarifies the content of company level negotiations (see Table 3). For more than two thirds of those management representatives who reported having discussed or negotiated wages in 2004 the evolution of the

TABLE 3 – Topics Covered During Company Negotiations, by Wage Regulation Profile

	In %			
	Mixed wage regulation	Non-negotiated wage regulation	Wage regulation by industry	Sample average
<b>% of workplaces having held collective bargaining or discussions</b>	55.1	36.4	31.1	42.7
<b>Topics negotiated</b>				
Evolution of the overall wage bill	74.1	64.9	49.3	66.7
Bonuses	43.2	41.5	40.4	42.2
Share of individual wage increases	43.3	39.8	34.9	40.7
Criteria for individual wage increases	30.2	30.7	28.1	29.9

Note: The sums of the terms of specific variables are not 100% due to non-responses in the survey.

Interpretation: 74.1% of workplaces characterised by a *mixed regulation profile* that negotiated salaries also negotiated the evolution of the overall wage bill. This proportion is greater than the sample average (66.7%).

Field: Workplaces of 20 or more employees in the non-agricultural business sector.

Source: REPONSE 2004-2005 survey, "Management Representatives" questionnaire, DARES.

overall wage bill was the major issue. This was followed by the question of bonuses and themes linked to individualisation: first, the share of individual increases, followed by their award criteria.

In general, the statistical analysis of the content of negotiations shows a clear difference between the topics covered at the company level and those discussed at the industry level. This difference echoes the distinction reported by SAGLIO (1986, 1999, 2007) between the roles of wage regulation, which is vested in industry-level collective agreements, and that of wage determination, which is reserved for companies. The *branche* remains the framework for the determination of the wage hierarchy, the company remaining the place for discussions on the amount and forms of compensation. We thus find that stability in the hierarchy of wage negotiations already mentioned by SAGLIO. By combining this information with wage regulation profiles, our analyses underline to what degree this division persists while being more or less evident according to the forms of interrelationship between industry-level and company-level collective bargaining.

### Frequent Negotiations at the Company Level Do Not Encroach on the Negotiation Themes at Industry Level

The content of collective bargaining in workplaces with a *mixed wage regulation* profile, marked by frequent workplace negotiations, differs little from the overall sample. The focus of workplace negotiations on the evolution of the overall wage bill (more than 74% of workplaces) is even more pronounced. Discussion on the criteria for individual increases remains a minority theme, as it is in the overall sample (see Table 3). The industry level collective agreement retains an important role in the definition of wage themes: besides the question of the wage hierarchy, workplaces are more likely to refer to topics related to bonuses and employee savings schemes.<sup>19</sup>

Besides this characterisation of the typological profile, the example of the automotive manufacturer, where there is only a limited and non-specific reference to the *branche*, emphasizes that the company's independence in relation to industry recommendations for wage increases also lies in its ability to define its own job classifications and minimum wages and in its particular negotiating timetable. It can also be found in the very content of the mandatory annual collective bargaining. There are five components negotiated in these negotiations sessions. The three most important are: the percentage of the general wage increase, which remains the main objective of the negotiations; the percentage of individual increases and promotions; and the increase in the guaranteed minimum compensation.

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19. While overrepresented, collective bargaining on the topic of employee savings schemes remains a minority (34% of concerned establishments with a *mixed wage regulation* profile) and a frequency nearly half as much as that of negotiations on wage hierarchy or bonuses. Where they exist, industry-level negotiations on employee savings schemes often involve inter-company savings plans, enabling employers to share costs, since the plans are negotiated by a large number of companies.

The percentage general wage increase at this manufacturer since 2001 has been an annual average of about 1.85% with a minimum of 1% in February 2009 and a maximum of 2.4% in January 2008. In addition to discussions on the percentage of general wage increase, a key issue is to find a minimum acceptable to both parties involved: for the general increase to appear significant, those union representatives interviewed routinely practice and defend a “limiting minimum policy” whereby the overall percentage increase is linked to a guaranteed minimum in absolute value, namely a *talon*, a “stub” or “minimum limit”, of x euros.<sup>20</sup> They see this as a “boost” to the more modest salaries. For example, during negotiations in 2008, an agreement was reached in January on an overall increase of 2.4% with a minimum of 40 euros for the OETAM. All employees with a monthly gross salary of less than 2,400 euros were therefore guaranteed an extra 40 euros per month, making the increase greater than 2.4%. The practice of a “minimum limit” is also found in the percentage increase in the budget dedicated to individual increases. These percentages vary according to professional category. Not as large as the general wage increase, their annual average since 2001 is around 0.7% for the blue collar workers, 0.9% for semi-skilled or unskilled white collar employees, and 1.2% for technicians.

The third component of the mandatory annual negotiations, the minimum guaranteed annual remuneration, is a legacy of the metallurgy branch.<sup>21</sup> The guaranteed annual compensation takes into account all amounts subject to social security contributions except for the seniority bonus. Relatively well accepted today, its structure is rarely subject to debate. Between 2001 and 2011, it increased by 37.4% in a period in which the consumer price index increased by 18.8%.

Finally, despite their frequency, company-level collective bargaining do not encroach on the negotiating themes traditionally assigned to the industry level, starting with the wage hierarchy of job classifications. They focus primarily on the forms and the actual amounts of compensation.

## A Weak Role for Negotiations Does Not Mean a Change in their Content

In the second statistical profile, that of *non-negotiated wage regulation*, industry-level recommendations weigh only slightly, if at all, on decisions to increase wages. Management representatives report that they consult an industry-level collective agreement less often than the average, no matter what the wage issue considered (see Table 2). The low weight of company-level collective bargaining does not, however, alter their content: among the workplaces attached to the *non-negotiated regulatory* profile, topics in fact discussed during negotiations were not different from the general norm (Table 3).

20. For the 10 years studied, the “minimum limit” is a common but not systematic practice.

21. This was the national agreement of 19 July 1978 on the establishment of a guaranteed annual remuneration to improve the situation of manual workers and, more generally, of workers with lower wages signed by the UIMM and the signatory union organizations.



As we have seen, in the case of call service centre providers, the reference to the industry level collective agreement is mainly in the construction of job classification and in the application of wage *minima* for new hires. More generally, the national minimum wage (SMIC) tends to replace the *branche minima* for telephone consultants (CASTEL, 2012; CAROLI, GAUTIÉ, 2008). When a base wage increase is enacted in a call centre service provider, it is generally limited to the application of an extended industry level agreement or, in a case more favourable to employees, prior to a possible extension. It should be remembered that mandatory annual collective bargaining do not guarantee an increase in wages. These may be frozen. Given the impossibility of negotiating an increase greater than the changes in the minimum wage and/or *branche minima*, union delegates turned to acting on fringe benefits, which complicated the content of annual negotiations. Indeed, most of those negotiations studied centred on the mode of payment of meals at or near the workplace; the limitation of unpaid days for illness; an extra day off in case of the death of a relative or of x years of service; buying an additional microwave for the refectory, or an increase in a bonus coupled with a revision of its award criteria.

### **Industries Remain the Principal Locus for the Determination of Wage Hierarchies**

The regulatory role of wages traditionally assigned to the *branche* is reinforced among workplaces characterised by the *wage regulation by industry* profile: the reference to the *convention collective* is particularly frequent in the determination of the wage hierarchy for jobs classifications (over 76% of workplaces). However, for other wage issues (bonuses and employee savings schemes, see Table 2), the role of the industry level does not appear reinforced. Not only is company-level bargaining less frequent, but it is also characterised by having relatively less content: negotiations concerning the evolution of the overall wage bill and the part of individual wage increases are particularly uncommon (see Table 3). A well-documented finding in studies on industrial relations shows that due to the limited scope of company-level negotiations, the industry level plays a key role in questions concerning wages through the definition of the wage hierarchy.

The cross-analysis of forms of wage regulation and the themes raised in negotiations highlights a dividing line in the respective roles of the industry-level and that of the company in wage decisions. The distribution of themes defined by reference to the industry-level on the one hand, and negotiated at company-level on the other, seems particularly stable from one profile to another. This finding once again reminds us of the stability of “the set of social standards referred to by the actors as they try to evaluate the salary levels offered or accepted” (SAGLIO, 1999, p. 24) that constitutes the wage system. But the symmetry between the profiles ends there: while the themes in question are the same, their weight in the determination of wages differs from one profile to another.



## Other Relevant Levels of Wage Regulation to Take into Account

So far we have paid attention to the collective bargaining at industry level as well as that at the company. This goes without saying, of course, in terms of wages since they remain the main wage bargaining loci during all the transformations of the industrial relations system in France. However, the difficulties in collective bargaining brought to our attention by the union representatives interviewed raise questions concerning the relevance and weight of other wage regulation loci. This question arises in particular because statistical studies point to a rather limited influence of company level negotiations (MEURS, SKALLI, 1997; BRAHAMI, DANIEL, 2004) as well as those at the industry level (ANDR  , BRED  , 2011; ANDR  , 2012) concerning wages. We can define a multiplicity of wage regulation loci from the definition of the employment contract to the establishment of international rules at the European level or by the International Labour Organization (ILO). In line with our empirical analysis, two regulation levels stand out as playing a major role: a “sub-company” level defined by the individualisation of wages, and another, “supra-company”, level defined by the influence of economic actors external to the company, in this case contractors and the holding or parent companies which are at the head of the business group. Although they are not institutionally recognised as places of wage bargaining, as are the industry and company levels, they can be understood as suitable loci for discussions of actual wage levels.

### Role of Contractors and of Group Parent Companies in Wage Regulation

As we have already noted, the *REPONSE 2004-2005* survey demonstrates the degree to which directives from group headquarters weigh on decisions to increase wages, especially when the wage regulation is of a *mixed* or *non-negotiated* type. The study of wage negotiation practices at call service centre providers and the automotive manufacturer suggests that to understand the underlying basis of wage bargaining, it is no longer sufficient to simply identify what is happening at the level of the company *sensu stricto* as well as at the industry level. The group or contractor’s role and motivation in managing changes in the overall wage bill are decisive in both field studies, even if empirical observation remains difficult since “business confidentiality” in this question still prevails (MOTTEZ, 1966).

Major contractors at call service centre providers play a central role in maintaining low wages by lowering prices for requested services, even going further than the so called “reverse” auctions currently condemned by the actors themselves. Union representatives as well as employers agree on one point they take for granted: client contact centres have little margin for wage bargaining given the demands of their contractors. Negotiations between the call centre and its contractor play a central role in the process of wage determination, which is clear from the remarks of the personnel director of a

large contractor: “We discuss wages endlessly. Wages, that is the real discussion, that is where there is a margin. What does the contractor negotiate with the provider? He negotiates a price, the ‘price per hour of production’, what one gets for 60 minutes of work on the phone.” With labour costs, depending on the individual case, representing between 70 and 80% of call service centre sales revenue, cost competitiveness is central and focuses on wage conditions (also demonstrated by Mathieu BÉRAUD *et al.*, 2008). This illustrates the potential importance of strict monitoring of industry-level *minima* and, especially for call centre operators, of the national minimum wage.

In addition to the demands made by contractors, the organization of call service centres in a group has an influence on the course of collective bargaining and their outcome. In one of the groups studied, each production site is financially and legally autonomous, and, as such, conducts its own wage negotiations. However, the *holding company* plays a central role, without directly participating, by supporting or opposing negotiations. In another call service centre, compulsory annual negotiations for all sites are held at the headquarters in the Paris region or at each territorial entity when the group decided to divide the French market into several regional areas. Thus union delegates’ activities are severely dissuaded and handicapped by the very organizational model of the client contact centres. At the head of the group, a leading or parent company manages the contracts and distributes them among its production sites, which are all autonomous subsidiaries. It thus determines the profits that each site can earn on services provided, thereby setting the general framework for the wage policy of each local call centre: strict compliance with the minimum wage for the greatest number with a strategy of delaying application if possible –which brings us ultimately to the decisive role of the state in wage regulation (SELLIER, 1961).

Mandatory annual collective bargaining play a key role in the automotive manufacturer’s group, since they take place first and set the tone for subsequent negotiations at other subsidiaries, particularly the transporter and the equipment manufacturer, as well as at major subcontractors. Prior to any discussion, the group head unilaterally fixes the budget allocated to wage increases in the group and union delegates in various subsidiaries navigate as best as they can to negotiate within this framework. Except for major economic indicators, they have no idea of the group’s flexibility in terms of its overall wage bill. They are not “behind the scenes”, as noted by a CFDT union representative. Furthermore, there is no coordination with other union representatives participating in other mandatory annual negotiations of the various entities of the group. But, in the words of another CFDT union delegate, “the pie is cut for all the affiliates of the business group.” It seems that the interdependence thus created between subsidiaries produces strong effects of mimicry, whether in terms of trade union demands or the wage increase actually won.

Case studies highlight the issues posed in defining the contours and the actors in negotiations. At the same time we should keep in mind that on this question it is also particularly important to look beyond the workplace. We can clearly see to what degree the current questioning of company boundaries is a fundamental problem (PETIT,

THÉVENOT, 2006) with which collective bargaining is barely able to come to grips (FREYSSINET, 2006).

### The Individual Performance Interview: Infra-Company-Level Wage Regulation?

Aside from the company boundary issue, the individualisation of pay in the form of an individualised increase in base wage or bonuses based on individual performance is also potentially destabilising for collective bargaining. According to the *REPONSE* survey, individualisation was highly developed in workplaces in 2004 (see Table 4): individualised wage increases and bonuses based on individual performance to non-management employees were reported granted in 76% and 55% respectively of workplaces (respectively 61% and 56% for managerial personnel). Individualisation of pay practices is more or less developed according to the wage regulation profiles, especially depending on the weight of the industry level. Thus, the *wage regulation by industry* profile is associated with a less frequent usage of individualised forms of compensation at the workplace. On the other hand, individualisation is greater in establishments with *mixed wage regulation* or *non-negotiated wage regulation* profiles, where the role of the industry is not dominant.

TABLE 4 – Individualised Wage Practices for Managerial and Non-Managerial Personnel, by Wage Regulation Profile

	In %			
	Mixed wage regulation	Non-negotiated wage regulation	Wage regulation by industry	Sample average
<b>Non-managerial personnel</b>				
Individualised wage increases (outside of bonuses)	81.6	63.1	80.0	76.0
Bonuses based on individual performance	52.0	51.2	63.9	55.5
<b>Managerial personnel</b>				
Individualised wage increases (outside of bonuses)	68.2	45.6	65.3	61.1
Bonuses based on individual performance	60.5	42.9	63.3	56.5
<b>% of workplaces</b>	41.9	30.7	27.3	100
<b>% of employees</b>	49.4	25.8	24.8	100

*Interpretation:* Among establishments characterised by a mixed regulation profile, 81.6% grant individualised increases to their non-managerial employees. This proportion is greater than the sample average (76%).

*Field:* Workplaces of 20 or more employees of the non-agricultural business sector.

*Source:* *REPONSE* 2004-2005 survey, "Management Representatives" questionnaire, DARES.

These results support the hypothesis advanced by Dominique MEURS (1996) that individualisation strengthens the autonomy of company-level collective bargaining in relation to the industry level. However, while company-level collective bargaining directly involves the rules governing individualisation—including the criteria for, or the share of, individual increases in the overall budget, as with the car manufacturer—the

actual amount of the increase received by an employee depends essentially on his negotiations with his supervisor and indirectly on management's margin of manoeuvre concerning the overall budget reserved for bonuses. What is crucial here is the annual assessment interview, bringing together the employee and his supervisor outside of company-based collective bargaining. Indeed, periodic evaluation interviews are very common in those institutions which develop individualisation: according to the *REPONSE* survey, about 73% and 69% respectively of workplaces reported having conducted such interviews among non-management and management personnel, these proportions being still higher in *mixed wage regulation* or *non-negotiated wage regulation* profiles. They play a decisive role in determining wages for both managerial and non-managerial personnel: for each of the two categories of employees, 73% of management representatives say that they link changes in wages to the holding of such an interview and that link is considered to be direct in almost 45% of cases.

Case studies confirm the weight of individualisation of wages parallel to the development of a skills rationale for ETAM<sup>22</sup> at the automotive manufacturer as well as the development of performance bonuses in call service centres for telephone consultants and supervisors. This practice is not new: it has been applied to managers and professionals for a long time. In this regard, case studies emphasize the degree to which the situation of managers and professionals lies outside the scope of collective bargaining. The situation of managers and professionals at the automaker is simply not addressed during the mandatory annual collective bargaining. As indicated in the *convention collective* agreement for "engineers and managerial and professional employees in metal-working industries" of 13 March 1972, managers and professionals are invited to "periodically" discuss (usually annually) with their superior concerning promotion, career development, and increases in wages.

In theory, compulsory annual negotiations concern all employees, but in reality only ETAM are concerned by wage questions discussed at call service centre providers. Employee representatives have no information about the pay of managers and professionals other than a general average. While a general raise benefits the young managers and professionals remunerated on the basis of an industry-level minimum, each manager and professional is invited, as in the case of metal-working, to negotiate "periodically" his compensation with his immediate supervisor. Companies under the "providers" *convention collective* are required to implement a policy to promote career development and each manager or professional may sign an individual contract with his employer granting more favourable terms than those of the agreement.<sup>23</sup>

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22. This trend, initiated in the mid-1980s, has been well described by BEAUD and PIALOUX (1999, chapter 3).

23. As a reminder that the metal-working industry is an important benchmark in terms of *conventions collectives*, it should be noted that the Article 2.5 "promotion and career development" of the rider to the "providers" *convention collective* is modelled on Article 6 of that in the "engineers and managerial and professional employees in metal-working industries".

The two field studies clearly show that the challenge of collective bargaining for managers and professionals is primarily interpersonal and not collective, as is still the case for non-managers. However, even for the latter, this is less and less the case due to reversible premiums and the development of a skills rationale.



In order to see the interrelationship between collective bargaining at industry or at the company level, this article develops a statistical analysis from the *REPONSE 2004-2005* survey, combined with case studies in the automotive industry and at four call service centres. We draw three profiles of wage regulation from this survey.

The *mixed wage regulation* profile which is a majority, today concerns nearly 42% of workplaces and 50% of employees. In giving a crucial role to company-level collective bargaining, it stands out from what has been demonstrated in previous studies, centred on the *branche*. The case study from the automotive industry clearly shows the degree of autonomy of company-level negotiations, relegating the collective industry-level agreement to an ever-present but distant reference. Our analysis coincides with the thesis of SELLIER (1993) when defining company-level negotiation as the centrepiece of the French industrial relations system, at least for some *branches* or industries. The preponderance of company-level bargaining is the result of the actors' possibility for autonomy and action.

In almost a third of companies (and over a quarter of employees), those associated with the *non-negotiated wage regulation* profile, salary adjustment decisions bear little relation to collective bargaining, irrespective of their levels. The study of call service centres, emblematic of the low-paid, female-dominated service sector, echoed this position by highlighting the very low influence of negotiations on wage increase decisions.

The final profile, *wage regulation by industry*, is similar to the classic representation of the French system of industrial relations as a system based above all on industry-level collective agreements. The specific characteristics of the companies concerned and the weakness of the negotiations held there make the industry level an important locus of wage regulation, as already noted in numerous studies (JOBERT, 2003). It is the minority character of this profile (a little over 27% of workplaces and nearly a quarter of the employees concerned) which is noticeable today. Can one infer that the *branche* as the level of wage regulation is now in a phase of decline? The study of wage bargaining practices at call service centres and at a car manufacturer, although typical of profiles where the industry has a secondary role, leads us to give a negative answer to this question. In terms of compensation, the industry level cannot simply be ignored, even when it is not the decisive element.

The cross-analysis of identified wage regulation profiles and the themes actually negotiated confirms the timeliness of the duality at the heart of the concept of wage system proposed by SAGLIO: on the one hand, a "conventional" or industry level

providing benchmarks and norms, and, on the other hand, a company level as the place for discussion of forms and amounts of compensation. The branch or industry therefore retains a major role in wage regulation even if the last two decades show a tendency for it to erode as a result of a movement of decentralisation of collective bargaining towards the company level, as is the case elsewhere in Europe, and this in a context of wage moderation (DELAHAIE *et al.*, 2012). For almost a third of workplaces, this translates into a wage regulation that has been described as *non-negotiated*. Meanwhile, the ability to determine wages through workplace-level collective bargaining is confronted with the growing importance of other loci of wage negotiations: at the infra-company level through the relationship between an employee and his immediate superior, and at the supra-company level between the employer, on the one hand, and either his contractor or the parent company of his business group, on the other.

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## APPENDIX

TABLE A1 – Descriptive Statistics of the Main Typology Variables

	<i>In %</i>			
	Mixed wage regulation	Wage regulation by industry	Non-negotiated wage regulation	Sample average
<b>% of sample</b>	41.9	30.7	27.3	100
<b>Workplace characteristics</b>				
<i>Size</i>				
Less than 50 employees	60.3	67.5	62.0	63.0
From 50 to 99 employees	20.3	19.3	22.5	20.6
From 100 to 199 employees	11.1	8.2	9.7	9.8
From 200 to 499 employees	6.2	4.2	4.8	5.2
More than 500 employees	2.3	0.9	1.0	1.5
<i>Age of workplace</i>				
Less than 5 years	2.7	5.6	4.0	4.0
Between 5 and 9 years	7.0	13.3	10.5	9.9
Between 10 and 19 years	22.5	32.0	25.2	26.2
Between 20 and 49 years	45.3	33.0	41.7	40.5
More than 50 years	22.4	15.1	18.5	19.1
<i>Legal structure</i>				
Franchise	1.2	5.4	3.6	3.1
Linked to a business group	2.7	3.9	6.2	3.1
Head of a business group	5.4	4.3	4.3	4.8
Affiliate of a business group	44.2	43.5	24.7	38.7
Belongs to a business group	1.4	1.0	2.0	1.4
Totally independent	44.2	41.3	57.7	47.0
<i>Company listed on the stock exchange</i>				
Yes	25.7	29.4	16.8	24.4
No	73.0	70.4	82.7	74.8
<i>Sub-contracting</i>				
Yes, for at least 50% of sales	15.3	8.8	6.5	10.9
Yes, for less than 50% of sales	9.8	6.6	9.9	8.8
No	71.1	80.3	76.1	75.3
<b>Economic and strategic position</b>				
<i>Evolution of activity</i>				
Increase	55.6	55.9	57.5	56.2
Stability	29.2	24.8	31.7	28.5
Decline	14.8	18.4	9.7	14.5
<i>Difficulty in foreseeing changes in activity</i>	74.5	70.4	62.3	69.9
<i>Exceptional changes in activity</i>	41.3	40.9	39.7	40.7
<i>Sales (in euros)</i>				
Less than 5 million	8.3	13.0	38.6	18.1
Between 5 and 10 million	34.7	34.0	28.1	32.7
Between 10 and 100 million	37.3	29.5	19.2	29.9
More than 100 million	19.6	23.3	14.1	19.2

TABLE A1 – Continued

	Mixed wage regulation	Wage regulation by industry	Non-negotiated wage regulation	Sample average
<i>Specific and quantified company objectives</i>				
Profitability	78.4	79.2	62.9	74.4
Growth and market share	67.2	67.8	52.1	63.3
Respect for budgetary considerations	86.0	89.4	89.3	87.9
Wage costs	82.0	83.2	78.2	81.3
Quality	84.3	82.9	87.2	84.7
Security	78.7	76.4	89.3	80.9
<b>Workforce characteristics</b>				
<i>% of management and intermediate professionals</i>				
Less than 15 %	25.8	20.9	39.7	28.1
From 15 to 30 %	26.9	25.5	25.0	26.0
From 30 to 50 %	21.8	16.1	15.7	18.4
More than 50 %	25.4	36.1	19.2	27.0
<i>% of temporary or agency workers</i>				
Less than 5 %	20.6	17.2	11.6	17.1
More than 5 %	19.6	9.5	27.7	18.7
<i>% of employees less than 40 years old</i>				
Less than 40 %	23.6	14.5	18.5	19.4
From 40 to 70 %	58.0	36.4	62.0	52.4
More than 70 %	17.5	47.4	19.3	27.2
<i>% of women</i>				
Less than 15 %	29.9	11.6	33.0	25.1
Between 15 and 60 %	56.2	61.0	22.1	48.3
More than 60 %	13.1	25.7	44.6	25.6
<i>% of employees on fixed term contracts (CDD)</i>				
Less than 5 %	37.8	34.3	25.4	33.3
More than 5 %	20.4	21.1	36.4	25.0
<b>Variables concerning industrial relations</b>				
<i>% of unionisation</i>				
Less than 5 % of employees	54.0	68.6	57.6	59.5
5 to 10 % of employees	20.1	12.0	17.7	16.9
More than 10 % of employees	15.2	7.9	12.4	12.2
<i>Presence of union representatives</i>				
At the workplace level	43.8	31.5	36.0	37.9
At the company level	55.4	51.6	48.8	52.4

Note: The sums of the terms of specific variables are not 100% due to non-responses in the survey.

Interpretation: 41.9% of workplaces have a *mixed wage regulation* profile. Among these workplaces, 60.3% employ fewer than 50 employees, lower than the overall average (63%).

Field: Workplaces of 20 or more employees in the non-agricultural business sector.

Source: REPONSE 2004-2005 survey, "Management Representatives" questionnaire, DARES.

TABLE A2 – Frequency of Reference to an Industry-Level Collective Agreement, Themes Not Directly Related to Wages, by Wage Regulation Profiles

	<i>In %</i>			
	Mixed wage regulation	Non-negotiated wage regulation	Wage regulation by industry	Sample average
<b>Employment and rules of mobility</b>				
Yes	60.3	55.0	70.1	61.3
No, although the industry-level collective agreement deals with this theme	13.4	11.5	11.2	12.2
No, the industry-level agreement does not deal with this theme	21.0	24.1	15.3	20.4
<b>Working time</b>				
Yes	77.8	72.4	84.3	77.9
No, although the industry-level collective agreement deals with this theme	11.2	10.2	8.6	10.2
No, the industry-level agreement does not deal with this theme	8.4	12.7	4.9	8.8
<b>Work conditions</b>				
Yes	66.1	60.2	77.6	67.4
No, although the industry-level collective agreement deals with this theme	10.9	8.3	6.8	9.0
No, the industry-level agreement does not deal with this theme	18.3	25.0	12.8	18.8
<b>Vocational training</b>				
Yes	59.8	52.7	71.5	60.8
No, although the industry-level collective agreement deals with this theme	16.3	13.6	11.5	14.2
No, the industry-level agreement does not deal with this theme	16.4	24.4	13.8	18.2
<b>Employee representation</b>				
Yes	67.5	56.9	72.3	65.5
No, although the industry-level collective agreement deals with this theme	15.7	12.0	10.6	13.2
No, the industry-level agreement does not deal with this theme	11.7	20.3	11.5	14.3
<b>Occupational equality</b>				
Yes	67.1	62.2	75.0	67.7
No, although the industry-level collective agreement deals with this theme	10.3	8.0	6.6	8.6
No, the industry-level agreement does not deal with this theme	15.3	19.3	11.9	15.6
<b>Supplementary retirement benefits</b>				
Yes	68.5	61.0	76.9	68.5
No, although the industry-level collective agreement deals with this theme	8.3	7.8	4.6	7.1
No, the industry-level agreement does not deal with this theme	16.7	21.4	12.8	17.1
<b>% of workplaces</b>	41.9	30.7	27.3	100
<b>% of employees</b>	49.4	25.8	24.8	100

*Note:* The sums of the terms of specific variables are not 100% due to non-responses in the survey.

*Interpretation:* 41.9% of workplaces have a *mixed wage regulation* profile. Among these workplaces, 60.3% report that they refer to a branch or industry level collective agreement for employment and the rules of mobility; this proportion is close to the sample mean (61.3%).

*Field:* Workplaces of 20 or more employees in the non-agricultural business sector.

*Source:* REPONSE 2004-2005 survey, "Management Representatives" questionnaire, DARES.